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2nd SEM. 2013/2014

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UNIVERSITY OF SWAZILAND
FINAL EXAMINATION PAPER

**PROGRAMME: BACHELOR OF SCIENCE IN
AGRICULTURAL ECONOMICS AND
AGRIBUSINESS MANAGEMENT**

COURSE CODE: AEM 407

TITLE OF PAPER: AGRICULTURAL AND FOOD POLICY

TIME ALLOWED: TWO HOURS

INSTRUCTION: ANSWER ALL FOUR (4) QUESTIONS

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QUESTION #1 [25 Marks]

- a) Explain the ceiling price and subsidy policy in agriculture. [10 Marks]
- b) Illustrate your answer (s) in part (a) by a graph or model. [10 Marks]
- c) How does the Swaziland currency depreciation against the US Dollar affect the agricultural sector? [5 Marks]

QUESTION #2 [25 Marks]

- a) Discuss at least two constraints that you would overcome to promote growth in agriculture if you were in charge of Ministry of Agriculture. [10 Marks]
- b) Formulate the agricultural strategy to achieve the objective in part (a). [15 Marks]

QUESTION #3 [25 Marks]

- a) List and explain the agricultural sector contributions to economic growth [10 Marks]
- b) Define food security and explain its dimensions. [15 Marks]

QUESTION #4 [25 Marks]

- a) Explain the criteria for evaluating the agricultural and food policy performance. [15 Marks]
- b) Why did Swaziland implement the Comprehensive Agricultural Sector Policy? Explain [10 Marks]

Assets	
Current Assets:	
—Cash	171,000
—Accounts receivable	698,000
—Inventory	897,000
Total current assets	1,766,000
Total fixed assets	2,482,000
Total assets	4,248,000
Liabilities and Owner's Equity	
Current Liabilities:	
Accounts payable	483,000
Notes payable	565,000
Total current liabilities	1,048,000
Long-term liabilities	2,000,000
Total liabilities	3,048,000
Owner's contribution	1,000,000
Retained earnings	200,000
Total Owner's Equity	1,200,000
Total liabilities and owner's equity	4,248,000

Table 10.6 ABC farm supply store condensed income statement (in dollars)

Net Sales	5,215,000
Cost of goods sold	3,285,450
Gross margin	1,929,550
Operating expenses	1,202,423
Administrative expenses	320,646
Other expenses	80,161
Total operating expenses	1,603,230
Net operating income	326,320
Interest expense	152,400
Net income before taxes	173,920
Income tax	42,480
Net income after taxes	131,440